

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 99-155

June 15, 1999

CENTRAL MAINE POWER COMPANY)
RE: Annual Price Change Pursuant to)
the Alternative Rate Plan)

STIPULATION

The undersigned, being parties to this proceeding, agree as follows:

1. On March 15, 1999, in accordance with Paragraph 20 of the Alternative Rate Plan Stipulation dated October 14, 1994, and approved by the Commission in Order dated January 10, 1995 (the "ARP"), Central Maine Power Company ("CMP") made its annual compliance filing. The price cap calculation in CMP's March 15, 1999 filing indicated that a price increase of 0.03% would be warranted on July 1, 1999. Rather than increase rates by such a small amount, CMP recommended that \$280,000 be deducted from the additional \$2,000,000 recovery of reconcilable demand-side management ("DSM") costs to offset the otherwise applicable price increase.

2. Subsequent to CMP's filing, the FEV calculations have been updated to reflect the April 7, 1999 sale closing date. In addition, the calculations for 1998 were adjusted to reflect CMP's actual wholesale market energy sales and purchases during 1998. Changes were also made to the 1999 and January through February 2000 savings calculations to reflect STEO rates approved by Order dated May 28, 1999 in Docket No. 99-125 and the average of CMP's actual wholesale market capacity sales and purchases during 1998.

The parties agree that all revenue and cost reconciliation related to FEV through 1998 have been done in this proceeding, with the exception of the pending income tax audit

issues described on pages 5 and 6 of Volume I of CMP's March 15, 1999 filing. The parties also acknowledge that projected revenue and costs associated with FEV during 1999 and through February 29, 2000 will need to be reconciled to actual results in some future regulatory proceeding.

3. QF savings increased by \$647,000 from amounts currently reflected in rates. The portion of that amount that is flowed to customers is \$324,000 pursuant to Paragraph #8 of the ARP Stipulation. The 1998 savings have been changed from that filed on March 15, 1999 to reflect corrections and CMP's actual market energy and capacity sales and purchases during 1998.

4. Given the changes described in paragraphs 2 and 3 above, the resulting price cap change calculation for 1999 is .05%. The parties agree that CMP's prices should not change effective July 1, 1999, which necessitates a downward adjustment to reconcilable DSM cost recovery of \$425,000. The revised price cap calculation is attached as Exhibit No.1.

5. The parties agree that the issue of the proper ratemaking treatment of gains realized by CMP during 1998 on the sale of easements to for gas pipeline construction will be presented to the Commission for review and a decision.

6. Attachment F, Pricing Flexibility, Stipulation, October 14, 1994, Docket No. 92-345, has been revised and streamlined to reflect pricing flexibility for a transmission and distribution company only in order to assist the Commission in reviewing targeted rate contracts and targeted services that extend beyond February 29, 2000 (see Exhibit No.2: Revised Attachment F). CMP has calculated bundled floors to be used for the period July 1, 1999 through February 29, 2000 which are presented in Confidential

Exhibit No. 3. CMP has also calculated transmission and distribution floors that will be used for periods after February 29, 2000 (see Exhibit No. 4). The transmission and distribution floors include a per kWh adder that varies by voltage level. The transmission component of the floors will change based on changes to the applicable Open Access Transmission Tariffs. The provisions set forth in the revised Attachment F shall apply to contracts or other targeted rate arrangements filed after the effective date of this Stipulation and that are in effect beyond February 2000.

7. The execution of this Stipulation by any Party shall not constitute precedent as to any matter of law or fact nor, except as expressly provided herein, shall it foreclose any of the Parties from making any contention or exercising any right, including rights of appeal, in any other Commission proceeding or investigation, or any other trial or action.

8. Except as provided in Paragraph #5 of this Stipulation, the Parties intend that this Stipulation be considered by the Commission for adoption as an integrated solution to the issues addressed herein which arose in the above-captioned proceeding and as otherwise presented in this Stipulation. The parties also intend that this Stipulation shall be null and void, and not bind the parties in the above-captioned proceeding, in the event the Commission does not adopt this Stipulation without material modification.

9. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any Party on these issues before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission or in any other proceeding.

10. The Parties to this Stipulation agree that the record in support of this Stipulation includes CMP's initial filing and updates thereto and all data responses.

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed by their respective attorneys, or have caused their lack of objection to be noted by the signatures of their respective attorneys.

Dated: _____ CENTRAL MAINE POWER COMPANY

By: _____

Dated: _____ THE OFFICE OF THE PUBLIC ADVOCATE

By: _____

Dated: _____ INDUSTRIAL ENERGY CONSUMERS GROUP

By: _____

Dated: _____ BOC GASES

By: _____